

## LNF & IHCIF Calculations Illustration

### - SANTA YNEZ in California area -

#### Given Data

- 518 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 90% = % Expenditures on purchased services, 10% = % expenditures in-house
- 119.9% = Cost index for purchasing health care in this geographic area
- 135.7% = Size cost index for in-house costs due to small or large size
- 95.9% = California area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$3,217 per person for purchased services =  $90\% * 119.9\% * \$2,980$
- \$404 per person for in-house services =  $10\% * 135.7\% * \$2,980$
- \$3,621 per person total =  $\$3,217$  (purchase) +  $\$404$  (in-house)
- **\$3,474 per person total** adjusted for health status =  $\$3,621 * 95.9\%$
- **\$2,729 per person net cost** =  $\$3,474 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 518 users excluding wrap-around and collections)

- \$1,094 per person = local IHS allowance (excludes \$ for wrap-around)
- \$222 per person = expenditures elsewhere in California area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,370 per person for OU users** =  $\$1,094 + \$222 + \$54$

#### LNF Calculation

- **39.4% Gross LNF** =  $\$1,370$  (expenditures) /  $\$3,474$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **50.2% Net LNF** =  $\$1,370 / \$2,729$  net cost ( $\$3,474 - \$745$  other)

#### IHCIF Allocation

- \$138,412 = \$ to raise LNF% from 50.2% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$4,828 Allocation** =  $\$138,412$  needed for 60% \* 3.488% IHCIF fraction

#### SANTA YNEZ Unmet Needs

- **\$1,413,604 Net Total Need** =  $518$  users \*  $\$2,729$  net cost
- **\$703,853 Net Unmet Need** =  $(100\% - 50.2\% \text{ LNF}) * 518$  users \*  $\$2,729$  net cost